



DRAFT SUMMARIZED MEETING MINUTES

CITY OF SCOTTSDALE HOUSING BOARD REGULAR MEETING ONE CIVIC CENTER 3RD FLOOR CONFERENCE ROOM 7447 EAST INDIAN SCHOOL ROAD SCOTTSDALE, ARIZONA FEBRUARY 14, 2006

PRESENT:

Del-Monte Edwards, Chairman
George Leonard, Board Member
Gary Morgan, Board Member
Sheldon Sigismund, Board Member
Michele Swinick, Board Member

ABSENT:

Joe Priniski, Vice-Chairman
George Sutherland, Board Member

STAFF PRESENT:

Judy Register, General Manager, Citizen and Neighborhood Resources

GUESTS:

Mark Bethel, Community Assistance Manager
Donna Bronski, City Attorney's Office
Michele Cohen, Environmental Quality Advisory Board
Ed Gawf, Deputy City Manager
Frank Gray, Planning & Development Services General Manager
Joanna Hensley, Editorial Writer—The Arizona Republic
Paul Ludwick, Human Services Manager
Alan Note

1. **CALL TO ORDER/ROLL CALL**

The regular meeting of the Scottsdale Housing Board was called to order by Chairman Edwards at 5:10 p.m. A formal roll call confirmed the members present as stated above.

2. **REVIEW AND APPROVAL OF PREVIOUS MINUTES**

January 10, 2006 Housing Board Meeting

Chairman Edwards deferred the approval of the January 10, 2006 Minutes to the March 14, 2006 Housing Board Meeting, to allow Board Members time for review.

3. **INVITATION TO DESIGN DAY 3**

Michele Cohen, a member of the Environmental Quality Advisory Board, presented information on the upcoming Design Day event scheduled for Saturday, February 25, 2006. She explained that this event is part of the City's revitalization and green building efforts, helping south Scottsdale homeowners with remodeling and design advice. She reported that they had two very successful events last year.

Board Member Morgan volunteered for Design Day, recalling his participation in the event last June. He opined that it empowers the citizens of south Scottsdale to improve their property, resulting in a meaningful change to the area.

Ms. Cohen invited everyone to participate or attend. Anyone interested in receiving a 45-minute design consultation should register in advance with Ms. Register.

4. **CONDO CONVERSION REPORT**

Board Member Leonard explained that the Housing Board has been fine-tuning the draft report, focusing on health and safety issues.

Ms. Register introduced Assistant City Manager Ed Gawf, Planning General Manager Frank Gray, and City Attorney Donna Bronski to begin the Housing Board's continued discussion on the Condo Conversion white paper draft.

Board Member Sigesmund reported that Molly Edwards had asked him and Board Member Swinick to investigate the status of building codes in various levels of government. They ascertained that there is no State building code and the County's building code only applies to construction in County islands.

Statute A.R.S. § 33-1205:

Board Member Sigesmund reported that A.R.S. Section 33-1205 posed a challenge. A meeting with Ms. Donna Bronski of the City Attorney's office resulted in one workable concept for the draft report. They concluded that it would be impossible to effectively differentiate condo conversion requirements from rental multi-family requirements. There are numerous obstacles to changing State law, notably the real estate lobby.

Ms. Bronski advised that the State statute **A.R.S. Section 33-1205** was carefully crafted and there is no case law on it. Regulations and incentives to be applied to condominiums must apply equally to rental properties. She quoted as follows:

“A zoning, subdivision or building code or other real estate use law, ordinance or rule shall not prohibit a condominium form of ownership or impose any requirement on a condominium which it would not impose on a physically identical development under a different form of ownership.”

Ms. Bronski argued that the City is bound by State statute until the law is either challenged or changed. Board Member Morgan inquired whether anything, such as case law or the process by which the statute was developed, could assist with the definition. Ms. Bronski stated that she could research the legislative history.

Ms. Bronski suggested approaching this from two perspectives: Short-term—what can be done now? Long-term—getting the statute modified or challenging it in court. A discussion ensued regarding forms of condominium ownership.

Other Cities Discussing Statute:

Ms. Bronski pointed out that the APA website lists numerous cities around the State that are reviewing the condo conversion issue. Board Member Morgan reported that Mesa’s stringent condo conversion requirements are currently being made more lenient. Mr. Gray added that a majority of the condo conversion discussions reported on the APA bulletin board addressed improvement issues.

Board Member Sigismund reported that most improvements such as exterior painting, parking lot resurfacing, and landscaping updates do not require building permits.

The Board agreed to educate City Council on the problems resulting from condo conversions, in hopes of requirements being imposed according to the age of the building being converted. Board Members noted that such requirements may increase rents but leave safety issues unaddressed.

Mr. Gray recommended the requirement of notice of structural standards to lenders and insurers. Notice of fact can be very powerful, and would probably drive up interest rates. Mr. Gawf suggested that the Board redraft the memo to indicate which issues can be dealt with under current State law.

Mr. Gray suggested that the Board emphasize that they, along with other cities, have spoken with federal legislators and advised them that condo conversion is a major issue. The Board should encourage the City whenever possible to institute and support changes in the condo conversion laws at the State and federal levels.

Ms. Register commented that Neighborhood Day at the State Legislature on March 29th presents an opportunity to meet with legislators.

Low-Income Tenants:

Mr. Gray invited the Board to find a way for current low-income tenants to stay in the units as owners, possibly through the first-time homebuyer program.

Mark Bethel, Community Assistance Manager, reported that the homebuyer and CDBG programs are based on income eligibility. He noted that the increased cost of homes restricts eligible families to condominium purchase as the only affordable option.

Board Member Sigismund reported they are recommending that converters be required to provide tenants with information on similar accommodations in the area.

Building Code Differences:

Board Member Morgan inquired whether the building code differentiates between apartments and condos. Mr. Gray replied that there is very little difference. He noted that converters get around the issue of multiple meters by creating electrical and water companies as an LLC and reselling utilities to the individual owners to eliminate re-metering apartments.

5. **PRESENTATION OF THE DRAFT ANALYSIS OF IMPEDIMENTS (AI) TO FAIR HOUSING CHOICE**

Chairman Edwards introduced Paul Ludwick, Human Services Manager, to present an overview of the draft Analysis of Impediments to Fair Housing Choice. Mr. Ludwick presented a detailed review of the draft document received by Board Members. He explained that the City is contractually obligated to submit this document to the Department of Housing and Urban Development.

Mr. Ludwick noted the obligation to ask for public comment, document the input, and then incorporate comments into the further development of the conclusions related to this study. A presentation will be made to the Human Services Commission and thereafter, a recommendation will be made on the Annual Plan before requesting adoption as part of the Consolidated Plan.

Putting the extent of the problem into perspective, Mr. Ludwick advised the Board that a survey of the Section 8 waiting list/current tenants on condo conversions revealed that 34 people were impacted by a condo conversion in the last year, and 27 were able to find housing in Scottsdale. Of the 8 who moved out of the City, 4 indicated a disability and 4 indicated children in the household.

Mr. Ludwick requested comments and input from the Board, noting that comments could also be provided in writing at a later date. He indicated that the longer document mailed to the Board would become the Executive Summary.

In response to a question from Board Member Morgan, Mr. Ludwick reported that the research data came from a large statewide study not included in the larger document. He undertook to e-mail Board Member Morgan the pertinent part of the study regarding Scottsdale.

Mr. Bethel referred to the Pollock Study on the affordability gap, which was conducted in 2000 and concluded that there was an affordability gap in Scottsdale of approximately 12,000 units.

Board Member Morgan expressed concern about inflammatory language, commenting that tolerance and understanding should be encouraged. Mr. Ludwick agreed that it was an excellent suggestion.

Chairman Edwards requested that Board Members review the document within the next week and e-mail their comments to Ms. Register to be compiled and forwarded to Mr. Ludwick before the Human Resources Commission meeting in March. Mr. Ludwick indicated that an addendum could be added, summarizing formal comments. Any action or formal comment made by the Board would be incorporated as a section including other public comment. Ms. Register undertook to e-mail the comment compilation to Mr. Ludwick by March 1st.

6. **CHAIRPERSON'S REPORT**

Chairman Edwards reported that he and Board Member Morgan attended the Human Services meeting. They plan to attend the February 16 meeting as well.

Mr. Bethel noted that formal recommendations will be forwarded to City Council on March 19, for the April Council 25 meeting.

7. **STAFF REPORT**

Ms. Register reported that the City will be filling Ms. Edwards vacancy. The City Manager has directed that the position description include some housing responsibilities. Ms. Register will serve as the liaison during the hiring process.

Ms. Register presented a document on Senate Bill 1479 related to zoning restrictions on housing. Ms. Register also forwarded the document to the Planning Department for review and analysis of its effect on housing development.

8. **FUTURE AGENDA ITEMS**

Approval of the January 10, 2006 Minutes.

9. **OPEN CALL TO THE PUBLIC** (A.R.S. § 38-431.02)

Mr. Alan Note shared his experience with condo conversion in New Jersey, stating that the first condo conversion in the state of New Jersey occurred in 1973.

Mr. Note agreed with the recommendation to require converters to provide tenants with information on similar accommodations in the general area. He opined that there is a need for the State Legislature to get involved.

He reviewed rent control legislation in New Jersey, New York, and California; noting that , State legislation protects senior citizens on low incomes in New Jersey, and New York enacted legislation relating to condo conversions.

Mr. Note concluded that any meaningful protection would have to be at the State level. He recommended that the Board seek to involve church groups and community activists to organize around this issue.

10. **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:44 p.m.

Respectfully submitted,
A/V Tronics, Inc.